FINAL TRANSCRIPT

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BPUR - Q2 2003 Biopure Corporation Earnings Conference Call

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Biopure Corporation - CEO

Ronald Richards
Biopure Corporation - CFO

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Dr. McNeal
Yates Capital Management - Analyst

Safna
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Richard Kemp
Salomon, Smith Barney - Analyst

Gab Hoffman
Capital Management - Analyst

Hugh Bradford
Investment Corporation - Analyst

Steven Max
Bleuridge Capital - Analyst

Thomas Feliba
Northeast Industries - Analyst

Richard Adams
Bennett Moran - Analyst

Robin Brooks
MRA - Analyst

Kurt Wayne
West Broadway Partners - Analyst

Dr. Figman
Private Investor - Analyst

PRESENTATION

Operator

Good evening. My name is Denise and I will be your conference facilitator today. At this time I would like to welcome everyone to the Biopure second quarter 2003 conference call. All lines have been lids on mute to prevent any background noise. After the speakers remarks there will be a question and answer period. If you'd like the ask a question during this time, simply press star, then the number 1 on your telephone keypad. If you'd like to withdraw your question, press star, then the number 2 on your telephone keypad. I would now like to turn the call over to Doug Sales (ph), Director of Corporate Communication go ahead, sir.

Doug Sales - *Biopure Corporation - Director of Corporate Communication*

Good afternoon, everyone, and welcome to our second quarter 2003 conference call for the period ending April 30th. Today we'll report our financial results for this period and briefly discuss some of the company's accomplishments and activities after which we'll answer a few questions. Before we begin, I'd look to point out that during this call we'll make projections and other forward looking statements which involve risks and uncertainties that could cause the company's actual results or performance to differ materially from those projected. The condensed list of these respective factors appears at the end of today's financial results press release which you can access on the internet. In a more comprehensive discussion occurs on our SEC filings and Biopure.com. At this time I'll turn the call over to our CEO Tom Moore.

Tom Moore - *Biopure Corporation - CEO*

Good afternoon, everybody. I'm joined this afternoon around the table here besides Doug by Howard P. Richman our Senior Vice President of Regulatory and Operations. And Ronald Richards our Chief Financial Officer and Business Development. As we have in our past two quarterly calls I'll simply touch on some of the key point that are raised in the press release we set out about half an hour ago, and then throw it open to your questions. Overall we feel we have had a very satisfactory second quarter, very satisfactory because it was a strong revenue quarter. We saw a significant drop in operating loss compared to a year ago. The company has achieved a much stronger cash position than we were at the end of last quarter.

We're seeing continued growth in military support for our trauma development activities, and we continue to be very hopeful of an DFA response on our by oh logic license application by mid-year or sooner, and we continue to not be aware of any major issues with that application at this time. To the details in the second quarter we showed a net loss of $11.7 million. That was down 8% from $12.7 million a year ago. On an EPS basis we showed a loss of 35 cents per share. That is modestly below the analysts' projections and compares to a loss last year of 49 cents per share. Revenue is a very strong $2 million compared to $928,000 year ago, and this was entirely on our Oxyglobin (ph) product.

We'll -- at the call last quarter I was asked to give a rough estimate of how much we would ship is this quarter and I estimated between one and eight quarters and two and a quarter million and we came in smack dab in the middle of that range. We're looking for continued growth on Oxyglobin based on strong orders now into this quarter and we in toned introduce a new 16 millimeters smaller size which will make our product easier to use with smaller docks and we show that will favorably on our shipment results for Q3. From a cash standpoint, at the end of Q2 we had $15.1 million in the bank. That compares favorably with $9.5 million at the end of Q1. Since the end of the second quarter the company has raised an additional $7.3 million, and so that has strengthen considerably our cash position versus the Q2 final number.

Touching on other points, in our last quarterly call I said that while we are continuing to negotiate with our far eastern potential joint venture partners, that those negotiations, while still active, had slowed down. They continue now, and they are, in fact, still active, but we have not yet achieved a final agreement, but those discussions are, in fact, still active.

Last quarter I also indicated that we anticipated additional military support beyond the then $4.9 million that have been appropriated so far in the past quarter we in fact concluded cooperative research and development agreement with the U.S. navy which has enabled another $4 million to go and is in support of our trauma trials. I'm also making a point that we have already seen the beginning of the appropriation process for the coming federal fiscal year. I'll point out that the house armed services committee reported an authorization of $10 million for additional Humiglobin (ph) research split between Army and Navy researchers. The authorizes process is only the first step of a very long process of giving a final federal appropriation, buts it nevertheless is a good start, from our perspective, at least.

In our call last quarter we indicated we were hopeful we would have a Sumter agreement in hand or be still closer. As yet, we are still working to conclude the financing on that agreement, and while it's -- those are very active discussions, it still slightly now that we won't get that all done until probably when we hear back from FDA. On FDA, I'll just reiterate, I guess, at our last quarter we said we were hopeful we would hear by mid-year that we had gone through an extraordinarily extensive set of inspections and had answered all FDA questions and we were unaware of any major issues. Fundamentally we're in the same place now.

As many of you know, under Produfa(ph) the objective, not the obligation of the agency would be a response within ten months from our initial submission in eight months of acceptance. That would lead to a potential timing in early June. We continue to say we are not aware of anything that would cause undue delay, but we're saying we're hopeful we'll hear by mid-year. So that's sort of a broad overview. A couple of other important additional points, over the last few days there has been a considerable consumer concern and general concern about the discovery of an infected cow in Canada, infected with BSE. It seems reasonable to think that for some at least that are not familiar with very high quality and purity standards applied to our product, that there might be some concern that that might relate to our product in one way or another.

I'll reiterate what we shared with investors repeatedly in the past. Our pure buy case process has been extensively reviewed by regulatory authorities both here in the U.S. and in Europe and we have been repeatedly certified as being capable of removing a wide range of pathogens, including those which cause BSE. At this point we're not aware that that is any issue with any regulatory body worldwide. And we are now shipping products in three continents and none of them have ever raised an issue about this following certification. Most recently the European director for the quality of medicines granted Biopure a certification of suitability for Europe for both Oxyglobin in July 2001 and Hemopure in February 2003. That followed an independent analysis by experts which we provided technical information about our manufacturing process, our raw material origins, palo-traceability (ph) auditing and risk analysis and after reviewing all this and our process don't colluded that we have more than adequate safety with regard to TSE agents and met all the standards that are required in Europe for new and approved human and veterinary medical products.

For those of you who want to learn more about this we've put additional information on our website I would encourage you to access it at Biopure.com, and I think you'll find yourself fully stead by the additional technical detail we provide there. One other business note, in South Africa we've made some progress but not progress consistent with what I would have hoped for. On the plus side, we have succeeded in getting reimbursement from three additional insurance companies getting ourselves to the marketing platform where we can indeed do business; however, after what all investors will sympathize about a hard time getting that commercial operation to get to the sales point, albeit with a late start, we've concluded that our partner in South Africa is not one with which we wish to continue, and we have notified them that we are dissolving that business partnership and henceforth will cop operate it through our fully owned company which has already been set up, is staffed, and is operating in South Africa. We expect that handover to come

in the next 30 to 65 days, and in that, during that interim time it will be unlikely we'll realize any additional South African sales, but after that we we look forward to at last getting into the revenue column.

Finally, I draw your attention to a conference that we're going to be holding on Friday, June 6, through Sunday, June 8. This is a symposium that will be held at Turnbery(ph) Island in Florida entitled Clinical Experience with Hemopure(ph) new therapeutic approach to tissue oxygenation. We will be bringing together over 40 attendees drawn from the United Kingdom, United States and South Africa, including the President of America's blood senators and the senior medical officer of the American Red Cross, representative from the Navy and the Army, a cross-section of thought leaders in anesthesia, orthopedic surgery, trauma surgery, hospital, pharmacy, and critical care, all to review the clinical trial results with Hemopure as well as the complete safety record of our clinical program, to look forward as to how our product could be applied in use with orthopedic surgery but also looking forward to update these critical thought leaders on our clinical plans and trauma and other future indications for the product. That's going to represent a major coming-out party for the product, and will represent the kick-off of a consider reply strengthened medical education and communication program for the product.

These meetings will be followed one a presentation on June 13th at the American society for artificial internal organs and on June 14th with an open symposium at the network for advancement of transfusion alternatives. In short, our profile is going to go up considerably beginning in early June. That's my summary of where we stand. Now I would welcome your questions.

QUESTIONS AND ANSWERS

Operator

At this time, if you'd like to ask a question please press star, then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster. Your first question comes from Dr. Wall as.

Dr. McNeal - *Yates Capital Management - Analyst*

This is Dr. McNeal. I'm a private investor. I'm working through Yates Capital Management. My question is if the FDA sets a level that doesn't permit Hemopure to be used in the United States, what about some of these other countries that have more rampant AIDS situations, potential India, China, Russia? Can Hemopure, even if it is not set up to be used in the U.S., can it be used in these other countries? Are there any thoughts about this?

Tom Moore - *Biopure Corporation - CEO*

We are working on additional international filings. We are in conversation with thought leaders located both as individual doctors but also members of transfusion services and the military of several different countries, and we believe long-term there is a very substantial market for our product worldwide. We have said that we intend to make additional international filings this year, and we will. Does that answer your question, sir?

Dr. McNeal - *Yates Capital Management - Analyst*

Yes. Thank you very much.

Operator

Your next question comes from of Safna(ph) of Think Equity.

Safna - *Think Equity - Analyst*

Hi, Tom, how are you?

Tom Moore - *Biopure Corporation - CEO*

I'm well, thank you.

Safna - *Think Equity - Analyst*

You know, just a couple of questions, if approved on June 1st I just wanted to get an overview of what do you people plan to do next and how do you people plan to rule out the product?

Tom Moore - *Biopure Corporation - CEO*

Well, we intend to first resume breathing. This is a top corporate priority. We will fix our tissue profusion which comes from holding our breath for at least two weeks. Having finished that, from an investor standpoint, we will be holding for our investor meetings and then for analysts full R&D updates in the few days following this hoped-for happy event, and designed to get a lot of people haven't been quite in sink with the story up to speed.

From a commercial standpoint, we have already drawn up an introductory plan which will be based on careful targeting of thought leaders in orthopedic surgery and anesthesia in general but especially those who are leaders in the practice of blood avoidance and blood avoidance surgery, as we believe the initial most attractive application of our product from both an economic standpoint but also patient comfort standpoint is in this particular segment of the field. Our estimates suggest that it's in the U.S., it's a market in excess of $300 million and for the limited capacity we will have for the first two for three years, that represents an attractive way for us to introduce the product, so you will see us begin literally, our thought leader work will begin the end of that week.

We hope that will have a tremendously enthusiastic kick-off to that meeting and move from there, and as I've already shared we'll have very aggressive thought leader contacts throughout the month of June, more specifically, though, on a triple handful of targeted hospitals where we aim to get accepted first, work with the thought leaders there to begin what we call seeding trials, and then follow up with a combination of medical science liaison and sales support to basically make ourselves part of the fundamental practice within these key hospitals, and then expand out from there. Our aim will be to have the product, again, assuming we get approved, on or about June 1st to the end business and moving product no later than October 1st.

Safna - *Think Equity - Analyst*

And just an update on South Africa, when can you expect to see revenues there?

Tom Moore - *Biopure Corporation - CEO*

Given the changes we've decided to make in our partnership, I think now it's realistic the think that we won't be able to do that until probably the tail end of Q3 or more likely early Q4. By that I'm saying basically August.

Safna - *Think Equity - Analyst*

August?

Tom Moore - *Biopure Corporation - CEO*

Yes.

Safna - *Think Equity - Analyst*

August '04?

Tom Moore - *Biopure Corporation - CEO*

'03.

Safna - *Think Equity - Analyst*

August '03. Okay. Thank you.

Tom Moore - *Biopure Corporation - CEO*

Thank you, Safna.

Operator

Your next question comes from Richard Kemp of Salomon, Smith Barney.

Richard Kemp - *Salomon, Smith Barney - Analyst*

Good afternoon, gentlemen.

Tom Moore - *Biopure Corporation - CEO*

Good afternoon.

Richard Kemp - *Salomon, Smith Barney - Analyst*

I represent several investors, and one question is can you comment on any recent inquiries by the FDA. And second question would be where are we in future production capacity? There was some discussion --

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Tom Moore - *Biopure Corporation - CEO*

In terms of your first question, we're in dialogue with FDA literally two for three times a week, and so they are reasonably constantly asking questions, asking for additional information, so I'd say the commentary, we've been in fairly constant communication with them. In terms of added capacity, our facility in Cambridge, Massachusetts currently has a rated capacity of 70 to 75,000 units annually. As we've announced previously, our aim is later this year, is to expand that capacity to, in the ballpark of 90 to 100,000 units maximum capacity.

Under our current plans that's all the capacity we would have until likely now earlier 2006 when this new facility in Sumter for which we've already done the site acquisition and the engineering ought to be complete, validated, inspected by FDA and then up and running.

Richard Kemp - *Salomon, Smith Barney - Analyst*

And how large is that capacity?

Tom Moore - *Biopure Corporation - CEO*

Good question. I'm sorry. I didn't say that. 500,000 units per year. I'll note that the site is also designed to be able to mirror over a plant, and so we can put basically a million units annually of capacity out at the Sumter facility once we other the construction of the mirror plant which will be less expensive than the original facility.

Richard Kemp - *Salomon, Smith Barney - Analyst*

And the expected revenues per unit is $800? Is that what I understand?

Tom Moore - *Biopure Corporation - CEO*

I don't think we've ever given more than general guidance in that area but I won't discourage you from thinking about that number.

Richard Kemp - *Salomon, Smith Barney - Analyst*

Thank you very much.

Tom Moore - *Biopure Corporation - CEO*

You're welcome.

Operator

Your next question comes from Gab Hoffman of Capital Management.

Gab Hoffman - *Capital Management - Analyst*

Just think about it.

Operator

I do apologize for that. Mr. Hoffman, if you would please press star 1 again. Please hold for Mr. Hoffman. Go ahead. Sir.

Gab Hoffman - *Capital Management - Analyst*

Hi. Thank you for taking the question. I was curious, would you mind telling us who the three insurance companies that have, in South Africa that have, you know, started reimbursement for Hemopure?

Tom Moore - *Biopure Corporation - CEO*

I wouldn't mind at all, but I don't have their names in front of me. I would be happy to contact you separately with that information, in any way you like. I'd be happy to send you that information.

Gab Hoffman - *Capital Management - Analyst*

Okay. Sure. I'll take that off line. Other question regarding the, you know, capital raising. It's certainly impressive that the company has been able to strengthen the cash balance over the last quarter and I was just won regular a little bit about the method with respect to how it's done. Some companies, as you're probably aware, put specific provisions in these, you know, in their agreements with the investors that specifically prohibit these investors from shorting the stock first and there by getting an arbitrage from the discount to which, you know, to the market at which they buy the securities, and I was wondering, has Biopure specifically done that, you know, to protect the common, you know, the current shareholders.

Tom Moore - *Biopure Corporation - CEO*

Yes. We have not done that with the fund raising that we've done in this calendar year. What we have been able to do is as the company has strengthened its finance position, is to progressively reduce the discount at which the stock is sold, and so a significant amount of the money raised since the end of the quarter has actually been through sale of the stock directly into the market for which we're basically only paying a 1% handling fee, so -- so at this point we're now raising money at a very minimal discount.

I will say that if you look at all the money raised from -- since the beginning of the year, I'd say the average discount that we

have been forced to provide in order to conclude a transaction has probably been on the order of 15%, but the more recent transactions have been for significantly less than that, and frankly so long as we can continue our financial health and obviously in the context where if we get positive news from the Food and Drug Administration, I think we will be able to avoid those kind of activities which certainly can go on.

Gab Hoffman - *Capital Management - Analyst*

So in the future you haven't , at present but in future if the company is in sponger financial shape you anticipate butting Lang Kang ever Wang specifically that prevents arbitrage from coming in and shorting the stock first and profiting in that way. You know, instead you'll be able to ensure that the people subscribing to the agreements are real investors, as it were.

Tom Moore - *Biopure Corporation - CEO*

Yes. Though I have to say it depends, of course, on the structure of the particular financing. The financing we've done of late has all been with shelf stock, fully registered stock, and it's very difficult to put those kinds of provisions on shelf stock transactions but I agree totally with the spirit of what you're saying, namely, going forward from here we ought to be in a position where we minimize that kind of activity. If we can do that contractually, we will attempt to do that. I'm happy that at this point we're not rally selling stock at a discount anymore.

Gab Hoffman - *Capital Management - Analyst*

Sure. So the most recent investors, has that been disclosed, who they are? Sometimes companies issue press releases, you know, when the financings are done and specified who the in investors are at that time. Do we need to wait for the registration statements to see that?

Tom Moore - *Biopure Corporation - CEO*

I'll let Mr. Richards address that question.

Ronald Richards - *Biopure Corporation - CFO*

Yes. In this case what we would do is if we did a pipe transaction we would definitely disclose all the investors because there is a subsequent statement for them but since these were all done public offers, they were and you take downs off of a shelf those investors was you typically don't in ah public offering however we've worked very hard to try to find in investors that we believe do have a long-term interest in the story. We can't always guarantee that and as you well know sometimes you think people will hold don't and people you don't think will hold do. I think we have a good group of investors to the most part and if you look at the way the volume it I had that, it suggests that a good amount of the stock did hold.

Gab Hoffman - *Capital Management - Analyst*

But you can't actually say who those investors are.

Ronald Richards - *Biopure Corporation - CFO*

No, no, we can't in this particular case because in a public offering it generally doesn't get disclosed. Right.

Gab Hoffman - *Capital Management - Analyst*

Okay. Great. Thank you very much.

Tom Moore - *Biopure Corporation - CEO*

You're welcome. Or not again, if you'd like to ask a question, please press stash then the number 1 on your telephone keypad.

Operator

Your next question comes from Hugh Bradford of Bradford Investment Corporation.

Hugh Bradford - *Investment Corporation - Analyst*

Good afternoon.

Tom Moore - *Biopure Corporation - CEO*

Good afternoon.

Hugh Bradford - *Investment Corporation - Analyst*

I have two questions. Two of our associates are surgeons, and in their recent conversations with Parkman medical center here, which is a trauma hospital, as you are aware, the tests that they have been using the product have been all satisfactory. I don't

know how many other trauma hospitals are using, but have you experienced any negative reports? The second question is has the product been tried in a recent war overseas?

Tom Moore - *Biopure Corporation - CEO*

Very good. Let me answer both questions. Parkman Hospital is going to be our initial clinical center to conduct the already announced in-hospital trauma trials that will set us up for subsequent pre-Hospital trials to establish an additional trauma indication for Hemopure. And much of the military, all the military support that we've received to date has been design to help finance those trials.

So park land is an important partner for us in that. To the best of my knowledge, and I think my knowledge is pretty darn good, they're not currently using that product, and it may be in your conversations you talked to surgeons who have experienced, participated in earlier orthopedic surgery trial or in some other way have some experience with the product, duty I but I have to say for the record and also for the sake of our regulatory friends, we have not initiated that trial in parkland Hospital.

But I'm glad the surgeons feel comfortable about the product regardless of how they got that experience with it. When we get the trial underway, we'll be using a number of clinical centers in the U.S. and expanding them aggressively as well as using, running the trial else where around the world. But that trial has not yet begun. In terms of overseas usage, Biopure has not sold product to the U.S. military for the purposes of having it used overseas, and so we are not aware of specific military usage of the product, and so as far as -- we've never been formally informed of our product being used.

Hugh Bradford - *Investment Corporation - Analyst*

Thank you.

Tom Moore - *Biopure Corporation - CEO*

You are welcome.

Operator

Your next question comes from Steven Max of Bleuridge (ph) Capital.

Tom Moore - *Biopure Corporation - CEO*

Hello, Steven.

Steven Max - *Bleuridge Capital - Analyst*

Hey, Tom, how you doing.

Tom Moore - *Biopure Corporation - CEO*

I haven't seen you in the longest time.

Steven Max - *Bleuridge Capital - Analyst*

I've been hiding, I guess. Question for you on South Africa. How many units were left out of the, I think it was thousand that you got or 1,000 or 2,000 that you guys shipped over, how many units were left when you terminated the contract? And can you just give us -- I jumped on the call late. I don't know if you spoke about any more details on what transpired to the arrangement being terminated.

Tom Moore - *Biopure Corporation - CEO*

So we terminated the arrangement. We're actually continuing to make free product available out of those 2,000th store that we've put over there. And my understanding is roughly 1,000 units have been consumed to this point.

Steven Max - *Bleuridge Capital - Analyst*

Okay.

Tom Moore - *Biopure Corporation - CEO*

But we intend to continue to make the product available on that free basis. We simply have to create this new commercial arrangement before we can go back, go into revenue-generating operations.

Steven Max - *Bleuridge Capital - Analyst*

And then what was the reason that the agreement was terminated?

Tom Moore - *Biopure Corporation - CEO*

I think it's probably self-evident.

Steven Max - *Bleuridge Capital - Analyst*

Okay. Thanks very much.

Tom Moore - *Biopure Corporation - CEO*

You're welcome.

Operator

Your next question comes from Thomas Feliba(ph) of Northeast Industries.

Thomas Feliba - *Northeast Industries - Analyst*

Afternoon.

Tom Moore - *Biopure Corporation - CEO*

Good afternoon.

Thomas Feliba - *Northeast Industries - Analyst*

(No audible response.)

Tom Moore - *Biopure Corporation - CEO*

I am terribly sorry, but I can't -- you're not coming through.

Thomas Feliba - *Northeast Industries - Analyst*

I've taken it off the speaker. I apologize.

Tom Moore - *Biopure Corporation - CEO*

Great.

Thomas Feliba - *Northeast Industries - Analyst*

The questions about your actual manufacturing costs per unit at the Cambridge plant versus the pro forma expected costs with the 500,000-unit capacity at Sumter. Is there a substantial difference between the two?

Tom Moore - *Biopure Corporation - CEO*

Yes, this will there will be a substantial difference. The relationship will be roughly three to one.

Thomas Feliba - *Northeast Industries - Analyst*

And is the manufacturing costs in Cambridge such that you can sell profitably?

Tom Moore - *Biopure Corporation - CEO*

Yes.

Thomas Feliba - *Northeast Industries - Analyst*

Thank you very much.

Operator

Your next question is from Richard Adams of Bennett Moran (ph).

Richard Adams - *Bennett Moran - Analyst*

Hi. as I was hoping you could just maybe give us a little more detail to some of your more recent conversations with the FDA. I think you stated there were no major issues that have arisen and that you've answered the questions they have had, but does that imply that there have been minor issues and can you talk about what those are?

Tom Moore - *Biopure Corporation - CEO*

We have -- in the course of the examination of our application we've gotten questions about basically every part of it, so it's fair to say that if you're looking at all the issues that can get discussed, we get questions about everything from our manufacturing process to the way we manage our herds, to the standard clinical questions, requests for reanalysis of data and all the rest, and so there's a pretty, you know, a pretty broad range. We even get questions about how we're going to market the product.

We're in negotiations over brand names and everything. So I don't mean -- I guess I mean to convey accurately to you the dialogue is very broad and very intense. It's hardly cursory. It's fair to say that we've been asked about everything.

Richard Adams - *Bennett Moran - Analyst*

Have you received complete clearance on the manufacturing yet?

Tom Moore - *Biopure Corporation - CEO*

We have -- we have in a sense that all the inspections are complete. We have responded to all the questions and all the issues we raised. The inspectors who send us those key questions represented to us that the questions raised were ones which with satisfactory verbal answers, were adequate to have our facilities approved for manufacture of the product, and so it is our -- I won't be definitive about when FDA is going to give us an answer to B 11A. I won't be definitive about what I think the answer will be. But I will be definitive and say we are quite confident with the FDA is satisfied with our ability to produce the product.

Richard Adams - *Bennett Moran - Analyst*

And sorry if I missed this, but did you say that you would expect to launch roughly four months after approval assuming you were to get approval in mid-year?

Tom Moore - *Biopure Corporation - CEO*

Yes. So I'll be honest with you. Because of our long-term reimbursement strategy, assuming we got approval, we would do everything we can to be in business on June 21st. When you look at drown the road. That factors in a very significant date to hit.

Richard Adams - *Bennett Moran - Analyst*

Okay. Thanks.

Tom Moore - *Biopure Corporation - CEO*

You're welcome.

Operator

Your next question is from Robin Brooks of MRA.

Robin Brooks - *MRA - Analyst*

Hello. I have a comment and a question. The comment is could you put the names of the South African insurance companies that are reimbursing on the website so all of we investors could find out who those are.

Tom Moore - *Biopure Corporation - CEO*

I'd be happy to do that.

Robin Brooks - *MRA - Analyst*

Good. And my second question is has to do with how do the Red Cross and blood banks view Hemopure? Is it complimentary to what they do or a competitor?

Tom Moore - *Biopure Corporation - CEO*

I'm happy to say that, while I don't want to put any words in their mouths, per se, we have met with very high level people, in both organizations. It's fair to say that they feel we are complimentary. It's even fair to say the down -- there are many there who feel strongly that down the road, if and when we get approval to our trauma indication, that we in fact will significantly build demand for red cells because they believe we can contribute to the survival rate of those who actually get to the hospital in order to get their transfusions, so I'm happy to say that at this point the, as you know, the blood banking community has two very large organizations which together account for roughly 90% of all transfused blood, American Red Cross and America's blood centers. I think it's far to say that we are having good communications with both and our aim is to work well with both, both because we think we are, in fact, complimentary and besides that, until we get to capacity of 6 or 7 million units we're not exactly the world's most fierce competitor for if wiping out the red blood cell bank anyway.

Robin Brooks - *MRA - Analyst*

Thank you very much.

Tom Moore - *Biopure Corporation - CEO*

You are welcome.

Operator

Your next question is from Kurt Wayne of West Broadway Partners.

Tom Moore - *Biopure Corporation - CEO*

How are you today?

Kurt Wayne - *West Broadway Partners - Analyst*

I'm a little surprised at the press release you all put out today. (Inaudible)

Tom Moore - *Biopure Corporation - CEO*

I am sorry, but you're not coming through. Maybe that speakerphone problem again.

Kurt Wayne - *West Broadway Partners - Analyst*

Okay. Is this better?

Tom Moore - *Biopure Corporation - CEO*

Yes, much better. Thank you.

Kurt Wayne - *West Broadway Partners - Analyst*

I was a little surprised at the press release you put out on Oxyglobin. I was kind of wondering why you felt the need to do that. Did you receive a number of calls regard than mad cow or was it just a maneuver?

Tom Moore - *Biopure Corporation - CEO*

Actually, we have not received a single call from either a veterinarian or from an investor concerning this issue. But we made the press release because, as we observed how the stock was performing over the last two days, it seemed -- it seemed possible, particularly that investors who are not particularly familiar with our company might be somehow reacting to that news and making an association with us which, based on our -- on the standards of how we manufacture the product, wasn't justified.

I'd add to that also we haven't heard from any governmental agency or health agency of any kind, either, so in point of fact, a confession here for you, we made this release even though there was no internal issue. We made the release based on the fact that when we observed the changes in our stock price, it is seemed reasonable to conclude that for one reason or another investors were associating our product with this issue. For those of you who enjoy thinking about how stock moves, I'll point out that within 45 minutes after we issued the press release, the stock had recovered by about 40 to 45 cents.

Kurt Wayne - *West Broadway Partners - Analyst*

Okay. You know, I think I know enough about the product where I didn't even really associated the two, so it was surprising to me, but I think it was a good idea, in retrospect. Is there a way that you could put out maybe a more educational release or section on your web site that would somehow go into more detail?

Tom Moore - *Biopure Corporation - CEO*

That's an excellent idea, and in point of fact, we have done that. So if you go to our web site, you'll see a more detailed technical discussion, and I think we also have posted the actual certificates from the folks in Europe who are known as EDQM. We have actually posted EDQM certificates on the web site just to reassure everybody that not only are we good, we're certified . We have some of the scientific background on this as well. For those that are into log reductions and thing like that, as always, we're willing to respond to public demand. If you want the see more information on that, we can post that as well. Hopefully what you find there is adequate.

Kurt Wayne - *West Broadway Partners - Analyst*

I'll take a look at is that.

Tom Moore - *Biopure Corporation - CEO*

We can go into it much deeper if you're prepared to stay awake that long.

Kurt Wayne - *West Broadway Partners - Analyst*

Thank you very much.

Operator

Your next question comes from Dr. Figman (ph) .

Dr. Figman - *Private Investor - Analyst*

I think that's me. It's Dr. Figuman, private investor, my question relates to your south African market and approval for orthopedic surgery. Did you at any time apply for the trauma indication? I would have thought that because of the urgency of treatment of trauma patients and the absence of need for any kind of matching of blood type, that that would be a very natural market. Could you comment on that, please?

Tom Moore - *Biopure Corporation - CEO*

Doctor, your observation is a good one. First of all, for those who don't know the distinction, we have a general surgery indication in South Africa as opposed to simply orthopedic. The good doctor is quite right, there is a tremendous interest in the use of our product for trauma in South Africa, and South Africa will participate in the clinical program that we are preparing to achieve that indication in the U.S., and we have already, in fact, met with the medicines control council, which is the South African FDA, to secure the approval for initiating those trials in South Africa. And that's where we stand.

Dr. Figman - *Private Investor - Analyst*

Would it be useful for the purposes of this conference call to comment on why you went for the surgical, whether it be orthopedic or general indication, prior to the trauma indication?

Tom Moore - *Biopure Corporation - CEO*

I'd be happy to do that and then I'll try to finish it off with a trauma story just to amuse, hopefully amuse our callers. The reason we went for general surgery was that was the indication justified by our clinical program conducted at that time. The regulatory organizations of the world seem to be pretty unanimous on one point. They view trauma as a separate and distinct indication from surgery, and so as the U.S. FDA does, the medicines control council in South Africa, we're willing to accept surgical data as being translated over to use in trauma, so we they have insisted that we do a separate clinical program to demonstrate our efficacy and safety in that indication.

However, because general surgery is a pretty broad base, we do end up getting used in situations which are clearly surgical but are, one would classify as traumatic as well. The most dramatic one that's occurred in this quarter occurred in South Africa. A man working in a factory, in a pretty remote portion of South Africa unfortunately got his hand caught in a machine and the had an was severed. And left literally on the floor. He was rushed to a hospital. Which unfortunately was over 100-mile away and they later picked up the hand which had been left at room temperature for an extended period of time and reunited them at the hospital I guess it was two or three hours later am during a large part of that time the hand will had been un-refrigerated which in limb attachment usually means the probable of success in reattaching that limb goes way down.

The hand, however, was in fused with Hemopure as was the patient prior to the attempt to reattach and, in fact, they did successfully reattach it and it was back to close to normal usage within a few days. We weren't there, but the doctors associated with the surgery attributed the ability to successfully reattach this hand to the oxygenation benefits of the Hemopure product. That's created a bit of a stir down in South Africa. In point of fact, the surgeon who did this was reported in the Hanesburg (ph)Star, is the surgeon who did this was giving a brief talk at a medical meeting the following weekend and he had 20 minutes to do his talk and they held it over an additional 90 minutes so he could answer all the questions from the doctors at that conference, so that's one of several encouraging anecdotes we get from the use of this product on a day-to-day basis in South Africa . I hope that wasn't too long-winded.

Dr. Figman - *Private Investor - Analyst*

It's a remarkable story and I wouldn't be surprised actually if your product served his severed hand better than whole blood might have. But I won't go into my thoughts about that think at this time.

Tom Moore - *Biopure Corporation - CEO*

I'd hate to discourage you. I'd be interested in that. Nevertheless, I appreciate your question and the opportunity to talk a little bit about what's really going on down in South Africa.

Dr. Figman - *Private Investor - Analyst*

Thank you very much.

Tom Moore - *Biopure Corporation - CEO*

Thank you.

Operator

Gentlemen, there are no further questions at this time. Will there be any closing remarks?

Tom Moore - *Biopure Corporation - CEO*

Only a bit of whimsy. As a company, you know, we've been at this for 19 years, and in the next few weeks will be citing one for us no matter what. In a since we're like, I'd say we're like sinned all. We spent 19 years the ashes of preclinical research and moving the furniture of getting our clinical trials underway and dealing with whatever you choose to call it, the regulatory preparation, and now, now we hope we're going to be invited to the ball. We've got the dress on, the glass slippers are by the door, the pump kin and white mice have been picked out, and so we're ready to go, and if and when we get there, I think a lot of folks will be surprised, but we won't be. That's it. I look forward to talking to you sooner rather than later.

Operator

This concludes today's Biopure conference call. You may now disconnect.
